97TH CONGRESS
2d Session

SENATE

REPORT
No. 97-589

HIGHER EDUCATION AMENDMENTS

SEPTEMBER 27 (legislative day, SEPTEMBER 8), 1982.—Ordered to be printed.

Mr. HATCH, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 2852]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2852) to amend section 439 of the Higher Education Act of 1965 to make a technical amendment relating to priority of indebtedness, to provide for the family contribution schedule for student financial assistance for academic years 1983–1984, and 1984–1985, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Student Financial Assistance Technical Amendments Act of 1982".

MAXIMUM PELL GRANT

SEC. 2. Notwithstanding section 411(a)(2) of the Higher Education Act of 1965, the maximum Pell Grant a student may receive for academic year 1983–1984 under such Act shall be $1,800 or 50 percent of the cost of attendance (as defined under section 3 of this Act for academic year 1982–1983) at the institution at which the student is in attendance.

COST OF ATTENDANCE

SEC. 3. Notwithstanding any other provision of law, the cost of attendance criteria used for calculating eligibility for and the amount

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of Pell Grants for academic years 1983–1984 and 1984–1985 shall be the same as those criteria in effect for academic year 1982–1983.

SEPARATION OF PELL GRANT FAMILY CONTRIBUTION SCHEDULE FROM CAMPUS-BASED PROGRAMS

SEC. 4. The Secretary of Education shall establish or approve separate systems of need analysis for academic year 1983–1984 and for academic year 1984–1985 for the programs authorized under subpart 2 of part A, part C, and part E of title IV of the Higher Education Act of 1965.

PELL GRANT FAMILY CONTRIBUTION SCHEDULE FOR ACADEMIC YEAR 1983–1984

SEC. 5. (a) Except as provided in subsections (b) and (c), the family contribution schedule for academic year 1982–1983 for Pell Grants under subpart 1 of part A of title IV of the Higher Education Act of 1965 shall be the family contribution schedule for such grants for the academic year 1983–1984.

(b) Each of the amounts allowed as an offset for family size for dependent and independent students in the family contribution schedule for academic year 1983–1984 shall be computed by increasing the comparable amount (for the same family size) in the family contribution schedule for academic year 1982–1983 by 7.3 percent, and rounding the result to the nearest $100.

(c) For purposes of subsection (a), the family contribution schedule for academic year 1982–1983 shall be modified by the Secretary of Education for use for academic year 1983–1984—

(1) to reflect the most recent and relevant data, and

(2) to comply with section 482(b)(3) of the Higher Education Act of 1965 with respect to the treatment of payments under title 38 of the United States Code.

(d) The modified family contribution schedule under this section shall be published in the Federal Register not later than 15 days after the date of enactment of this Act.

PELL GRANT FAMILY CONTRIBUTION SCHEDULE FOR ACADEMIC YEAR 1984–1985

SEC. 6. (a)(1) Except as provided in subsection (b), the family contribution schedule for academic year 1984–1985 for Pell Grants under subpart 1 of part A of title IV of the Higher Education Act of 1965 shall be established by the Secretary of Education, if the Secretary publishes a proposed schedule in the Federal Register by April 1, 1983, and submits it to the President of the Senate and the Speaker of the House of Representatives on the date of such publication.

(2) The proposed schedule shall be subject to public comment for 30 days. The Secretary shall publish and submit to the President of the Senate and the Speaker of the House of Representatives a final family contribution schedule not later than May 15, 1983, for the academic year 1984–1985.

(3) If the Secretary does not so publish and submit such schedule as required by paragraphs (1) and (2), the family contribution sched-

ule in effect for academic year 1983–1984 shall be the family contribution schedule for academic year 1984–1985, except as provided in subsections (c) and (d) of this section.

(b) If the Secretary publishes and submits the final family contribution schedule as required by subsection (a) such schedule shall take effect unless, on or before June 15, 1983, either House of Congress adopts a resolution of disapproval of such schedule. In such event, the Secretary shall publish a new proposed family contribution schedule in the Federal Register and submit it to the President of the Senate and the Speaker of the House of Representatives not later than 15 days after the date of the adoption of such resolution of disapproval. Such new schedule shall take into consideration such recommendations as may be made in either House of Congress in connection with such resolution. Such new schedule shall be effective (for academic year 1984–1935) on July 1, 1983, unless, prior to that date, either House of Congress adopts a resolution of disapproval of such new schedule. If the new schedule is also disapproved, the family contribution schedule in effect for academic year 1983–1984 shall be the family contribution for academic year 1984–1985, except as provided in subsections (c) and (d) of this section.

(c)(1) Each of the amounts allowed as an offset for family size for dependent and independent students in the family contribution schedule for academic year 1984–1985 shall be computed by increasing (or decreasing) the comparable amount (for the same family size) in the family contribution schedule for academic year 1983–1984 (as set by section 5(b) of this Act) by a percentage equal to the percentage increase (or decrease) in the Consumer Price Index for Wage Earners and Clerical Workers published by the Department of Labor, and rounding the result to the nearest $100.

(2) For purposes of paragraph (1) of this subsection, the percentage increase (or decrease) in the Consumer Price Index for Wage Earners and Clerical Workers is the change, expressed as a percent, between the arithmetic mean of such Index for the period from October 1, 1981, through September 30, 1982, and the arithmetic mean of such Index for the period from October 1, 1982, through September 30, 1983.

(3) The Secretary of Education shall publish in the Federal Register the changes in amounts allowed as an offset for family size as a consequence of the requirements of this subsection immediately after publication by the Secretary of Labor of the Consumer Price Index for September 1983.

(d) If, under subsection (a) or (b), the family contribution schedule for academic year 1983–1984 is required to be the family contribution schedule for academic year 1984-1985, the family contribution schedule for academic year 1983–1984 shall be modified by the Secretary of Education for use for academic year 1984–1985 to reflect the most recent and relevant data.

(e) The modified family contribution schedule under this section shall be published in the Federal Register not later than July 15, 1983.

VETERANS ELIGIBILITY FOR PELL GRANTS FOR ACADEMIC YEAR 1982–1983

SEC. 7. Notwithstanding any other provisions of law, such sums as may be necessary not to exceed $30,000,000 of the amount appropriated by Public Law 97-257 for Pell Grants shall be available for the purpose of restoring eligibility for Pell Grants to individuals adversely affected by the modification, pursuant to paragraphs (4) and (5) of section 124 of Public Law 97-92, of the family contribution schedule with respect to the treatment of payments under title 38, United States Code, to such individuals. For the purposes of determining eligibility and amount of Pell Grant awards under this section, only one-third of the benefits received under such title 38 shall be considered as student financial assistance. The Secretary of Education shall take such steps as may be necessary to notify such individuals of restored eligibility and to make appropriate allocations of the reserved sum.

LINEAR REDUCTION OF PELL GRANTS

SEC. 8. (a) Section 411(b)(3)(B) of the Higher Education Act of 1965 is amended to read as follows:

"(B)(i) If, for any period of any fiscal year, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsection (a)(2)(B)(i), the amount paid with respect to each entitlement shall be—

"(I) the full amount for any student whose expected family contribution is $200 or less, or

"(II) a percentage of that entitlement, as determined in accordance with a schedule of reductions established by the Secretary for this purpose, for any student whose expected family contribution is more than $200.

"(ii) Any schedule established by the Secretary for the purpose of division (i) of this subparagraph shall contain a single linear reduction formula in which the percentage reduction increases uniformly as the entitlement decreases, and shall provide that if an entitlement is reduced to less than $100, no payment shall be made.".

(b) The amendment made by subsection (a) of this section shall be effective with respect to the computation of Pell Grants under section 411 of the Higher Education Act of 1965 for academic year 1983–1984 and for succeeding academic years.

GUARANTEED STUDENT LOAN FAMILY CONTRIBUTION SCHEDULE FOR THE PERIOD JULY 1, 1983, THROUGH JUNE 30, 1984

SEC. 9. (a) Except as provided in subsections (b) and (c), the family contribution schedule for the period of instruction from July 1, 1983, through June 30, 1984, for loans made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 shall be the family contribution schedule for such loans for the period of instruction from July 1, 1982, through June 30, 1983.

(b) For purposes of subsection (a), the family contribution schedule for the period of instruction from July 1, 1982, through June 30, 1983, shall be modified by the Secretary of Education for use for the

period of instruction from July 1, 1983, through June 30, 1984, to reflect the most recent and relevant data.

(c) The modified family contribution schedule under this section shall be submitted not later than April 1, 1983, and shall otherwise be subject to the provisions of section 482(a) of the Higher Education Act of 1965.

SUPPLEMENTAL EDUCATION OPPORTUNITY GRANT APPORTIONMENT FOR FISCAL YEARS 1983, 1984, AND 1985

SEC. 10. Notwithstanding section 413D(a) of the Higher Education Act of 1965, if in fiscal year 1983, fiscal year 1984, or fiscal year 1985 the sums appropriated pursuant to section 413A(b) of the Higher Education Act of 1965 are less than the sums appropriated pursuant to such section for the fiscal year 1981, the Secretary shall apportion the sums appropriated pursuant to section 413A(b) of the Higher Education Act of 1965 for such fiscal year among the States so that each State's apportionment bears the same ratio to the total amount appropriated as that State's apportionment in fiscal year 1981 bears to the total amount appropriated pursuant to section 413A(b) for the fiscal year 1981.

COLLEGE WORK-STUDY ALLOTMENT FOR FISCAL YEARS 1983, 1984, AND 1985

SEC. 11. Notwithstanding subsections (a), (b), (c), and (e) of section 442 of the Higher Education Act of 1965, if in fiscal year 1983, fiscal year 1984, or fiscal year 1985 the sums appropriated pursuant to section 441(b) of the Higher Education Act of 1965 are less than the sums appropriated pursuant to such section for the fiscal year 1981, the Secretary shall allot the sums appropriated pursuant to section 441(b) of the Higher Education Act of 1965 for such fiscal year among the States so that each State's allotment bears the same ratio to the total amount appropriated as that State's allotment in fiscal year 1981 bears to the total amount appropriated pursuant to section 441(b) for the fiscal year 1981.

NATIONAL DIRECT STUDENT LOAN APPORTIONMENT FOR FISCAL YEARS 1983, 1984, AND 1985

SEC. 12. Notwithstanding subsections (a) and (b) of section 462 of the Higher Education Act of 1965, if in fiscal year 1983, fiscal year 1984, or fiscal year 1985 the sums appropriated pursuant to section 461(b)(1) of the Higher Education Act of 1965 are less than the sums appropriated pursuant to such section for the fiscal year 1981, the Secretary shall apportion the sums appropriated pursuant to section 461(b)(1) of the Higher Education Act of 1965 for such fiscal year among the States so that each State's apportionment bears the same ratio to the total amount appropriated as that State's apportionment in fiscal year 1981 bears to the total amount appropriated pursuant to section 461(b)(1) for the fiscal year 1981.

LOAN REPAYMENT DISCLOSURE

SEC. 13. (a)(1) Section 433A of the Higher Education Act of 1965 is amended by inserting "(a)" after the section designation and by adding at the end thereof the following new subsections:

"(b) Each eligible lender shall enter into an agreement with the Secretary under which the eligible lender will, prior to the start of the repayment period of the student borrower on loans made, insured, or guaranteed under this part, disclose to the student borrower the information required under this subsection. The disclosures required by this subsection shall include—

"(1) the itemization of and the total of amounts financed, calculated by adding all amounts borrowed by the student borrower under this part, and subtracting all charges, including any origination fee or insurance premium, paid by the student borrower;

"(2) the dollar cost to the student borrower of the amount borrowed;

"(3) the dollar amount of total scheduled payments, calculated by adding the amounts in clauses (1) and (2); and

"(4) the repayment schedule of the student borrower, including the number, amounts, and frequency of payments.

"(c) The loan information required by this section shall be made available in a conspicuous form either in the note or other written evidence of the loan or in another written form signed by the borrower.".

(2) The second sentence of such section is amended—

(A) by striking out "section" and inserting in lieu thereof "subsection"; and

(B) by redesignating clauses (5) through (7) as clauses (6) through (8), respectively, and by inserting after clause (4) the following new clause:

"(5) the amount of any other charges, including the origination fee, and the rate of the insurance premium charged to the student by the lender;".

(b)(1) Section 463A of the Higher Education Act of 1965 is amended by inserting "(a)" after the section designation and by adding at the end thereof the following new subsections:

"(b) Each institution of higher education, in order to carry out the provisions of section 463(a)(8), shall, prior to the start of the repayment period of the student borrower on loans made under this part, disclose to the student borrower the information required under this subsection. The disclosures required by this subsection shall include—

"(1) the itemization of and the total of amounts financed, calculated by adding all amounts borrowed by the student borrower under this part, and subtracting all charges, including any origination fee or insurance premium, paid by the student borrower;

"(2) the dollar cost to the student borrower of the amount borrowed;

"(3) the dollar amount of total scheduled payments, calculated by adding the amounts in clauses (1) and (2); and

"(4) the repayment schedule of the student borrower, including the number, amounts, and frequency of payments.

"(c) The loan information required by this section shall be made available in a conspicuous form either in the note or other written evidence of the loan or in another written form signed by the borrower.".

(2)(A) The first sentence of such section is amended by striking out "section 463(a)(7)" and inserting in lieu thereof "section 463(a)(8)".

(B) The second sentence of such section is amended—

(A) by striking out "section" and inserting in lieu thereof "subsection"; and

(B) by redesignating clauses (5) through (7) as clauses (6) through (8), respectively, and by inserting after clause (4) the following new clause:

"(5) the amount of any other charges, including the origination fee, and the rate of the insurance premium charged to the student by the lender;".

STUDENT LOAN MARKETING ASSOCIATION

SEC. 14. (a) The last sentence of section 439(l) of the Higher Education Act of 1965 is amended by striking out "September 30, 1982" and inserting in lieu thereof "September 30, 1984".

(b) Section 439(o) is amended by adding at the end thereof the following new paragraph:

"(5) The authority of the Association to make loans under this section shall terminate on August 1, 1983.".

HIGHER EDUCATION SURVEY DATA

SEC. 15. The National Center for Education Statistics shall collect and publish for academic years 1982 through 1985, tuition and fees data, and room and board charges for institutions of higher education included in the Higher Education General Information Survey. The surveys required by this section shall be consistent with prior surveys of data described in this section. The results of such surveys shall be stated so as to display such data by congressional district.

And the House agree to the same.

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JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2852) to amend section 439 of the Higher Education Act of 1965 to make a technical amendment relating to priority of indebtedness, to provide for the family contribution schedule for student financial assistance for academic years 1983–1984, and 1984–1985, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

(1) The Senate bill is titled the "Sallie Mae Technical Amendments Act of 1982." The House bill contains no title. The House recedes with an amendment titling the Act the "Student Financial Assistance Technical Amendments Act of 1982."

(2) The Senate bill establishes a maximum grant of $1800 or 50% of the cost of attendance. The House amendment limits the maximum grant to $1800 or 50% of the cost of attendance. The House recedes.

(3) The Senate bill and the House amendment direct the Secretary of Education to establish separate systems of need analysis for academic years 1983–1984 and 1984–1985. The provisions differ in the title of the Section. The House amendment uses the term "separation." The Senate bill uses the term "decoupling." The Senate recedes.

(4) The Senate bill and the House amendment provide that the cost of attendance criteria used for calculating eligibility for the amount of Pell Grants for academic years 1983–1984 and 1984–1985 shall be the same as those criteria used for academic year 1982–1983. The Senate recedes.

(5) The Senate bill and the House amendment establish the Pell Grant Family Contribution Schedule for 1982–83 with appropriate updating, as the Family Contribution Schedule for 1983–1984. The Senate bill, but not the House amendment, clarifies the offset for family size for "dependent and independent students." The House recedes. The Senate bill does not require the publication of the modified Family Contribution Schedule. The House amendment specifies that the 1983–84 schedule must be published in the Federal Register not later than 15 days after enactment of the act. The Senate recedes.

(6) The Senate bill and the House amendment establish the 1983–84 Family Contribution Schedule with appropriate updating, as the 1984–85 Family Contribution Schedule if the Secretary fails to publish and submit the schedule as required by law. The Senate bill establishes the following timetable for submission and publication of the proposed and final Family Contribution Schedule for 1984–

85: (a) the proposed schedule must be submitted and published by March 1, 1983; (b) the final schedule must be published and submitted by April 15, 1983; (c) any disapproval resolution must be forwarded by June 1, 1983. The House amendment establishes the following schedule for proposing and submitting the Family Contribution Schedule: (a) the proposed regulation must be published and submitted by April 1, 1983; (b) the final regulations must be published and submitted by May 15, 1983; (c) any disapproval resolution must be forwarded by July 1, 1983. The Senate recedes with an amendment that a disapproval resolution must be adopted by June 15, 1983.

The House amendment, but not the Senate bill, provides that the Consumer Price Index used for updating the offset for family size is the Consumer Price Index for Wage Earners and Clerical Workers. The Senate bill uses the months of April, May and June for purposes of computing the Consumer Price Index. The House amendment uses October through September for the purpose of computing the Consumer Price Index. The Senate recedes.

The Senate bill instructs the Secretary to publish the change in amounts allowable for family size offset on the basis of the Secretary of Labor's Consumer Price Index for June 1983. The House amendment instructs the Secretary to publish the change in amounts allowable for family size offset on the basis of the Secretary of Labor's Consumer Price Index for September 1983. The Senate recedes.

(7) The Senate bill and the House amendment privide for a linear reduction formula, to be established by the Secretary, if there are insufficient appropriations to fully fund all awards. There will be no reduction of awards if the student's expected family contribution is less than $200. The House amendment, but not the Senate bill, states that linear reduction becomes effective with computation of awards for the 1983–1984 academic year. The Senate recedes.

(8) The Senate bill, but not the House amendment, contains a two year extension of the waiver of Federal credit priority under the Bankruptcy Act for Sallie Mae. The House recedes.

The conferees believe that a thorough process of review and oversight of the Student Loan Marketing Association specifically and secondary markets generally is warranted, and provide for a two year, rather than a permanent, extension of the Federal credit priority waiver. A two year extension will allow for a complete review of secondary market activities following the report of the General Accounting Office on secondary market and state guaranty agency activities which the conferees will request. This will also give the authorizing committees ample opportunity to consider the complex issues of secondary markets and loan guarantees outside the process of reauthorizing other programs under the Higher Education Act.

(9) The Senate bill but not the House amendment directs the National Center for Education Statistics to collect and publish cost-of-attendance information for academic years 1982 through 1985. The House recedes with an amendment that the data be displayed by Congressional district.

(10) The House amendment, but not the Senate bill, restores eligibility for Pell Grants to veterans receiving GI bill benefits who were made ineligible for provisions of P.L. 97-92 (the Third Continuing Resolution). $30 million of the monies appropriated for Pell Grants by the supplemental (P.L. 97-257) is set aside for that purpose. The Senate recedes with an amendment specifying that in recalculating veteran eligibility, one-third of the veterans' education benefits will be counted as student financial assistance.

(11) The Senate bill, but not the House amendment, provides reduction language for awards under the Supplemental Educational Opportunity Grants program if the amount appropriated for the program is less than the 1981 appropriation level. The House recedes with a technical amendment.

(12) The Senate bill but not the House amendment establishes reduction language for awards under the College Work Study program if the amount appropriated for the program is less than the 1981 appropriation level. The House recedes with an technical amendment.

(13) The Senate bill, but not the House amendment, establishes reduction language for awards under the National Direct Student Loan program if the amount appropriated is less than the 1981 appropriation level. The House recedes with a technical amendment.

(14) The Senate bill but not the House amendment requires that students be given information about student loans. This information includes: (a) the itemization of the total amount financed; (b) the dollar cost to the student borrower of the amount borrowed; (c) the dollar amount of scheduled repayments; (d) the repayment schedule, including the number, amounts, and frequency of payment. The House recedes with an amendment requiring disclosure to the student of all the information required under the provision.

(15) The Senate bill, but not the House amendment, establishes the Family Contribution Schedule for the Guaranteed Student Loan program for 1983-84. The Secretary of Education is instructed to publish the 1982-83 modified Guaranteed Student Loan Family Contribution Schedule, modified to include recent and relevant data for the 1982-83 school year no later than March 1, 1983. The House recedes with an amendment that the Secretary must submit and publish the Schedule by April 1, 1983.

(16) The Senate bill, but not the House amendment, contained a provision extending student loan consolidation authority to the state guarantee agencies. The Senate recedes with an amendment terminating authority to consolidate student loans on August 1, 1983. The intention of the conferees is to consider comprehensive student loan consolidation legislation prior to that time, taking into account the recommendations of a General Accounting Office study. The conferees do not expect by this act that the Student Loan Marketing Association's (Sallie Mae) consolidation authority will lapse, but rather they feel it is important to obtain more information before expanding the authority of the states or continuing Sallie Mae's authority in this area.

VETERANS ELIGIBILITY FOR ACADEMIC YEAR 1982–1983

The conferees intend that the Secretary of Education allocate funds appropriated for the Pell Grant program under the appropriations supplemental (Public Law 97–257) to ensure that those students who are eligible for maximum awards receive $1800 grants. He is further directed to use any remaining funds under the Act—up to a maximum of $30 million—to provide for Pell Grant awards for veterans who were adversely affected by the mandates of the Third Continuing Resolution (Public Law 97–92) which altered the way veterans' education benefits were counted in determining eligibility for Pell Grants. It is the intention of the conferees that veterans be eligible and receive, to the extent possible, the same amount of Pell Grant awards as they would have received had the changes not been enacted.

However, the conferees understand that the Secretary may not be able to monitor exactly when $30 million is expended and will not be held liable if that amount is exceeded because of monitoring difficulties.

In order to facilitate the processing and delivery of Pell Grant awards to veterans, the conferees intend that one-third of veterans' educational benefits be regarded as student financial assistance. The remaining two-thirds of the benefits are to be disregarded, in determination of eligibility for and amount of Pell Grant awards.

The conferees intend that in considering veterans' educational benefits as student financial assistance, no Pell Grant shall exceed the difference between the cost of attendance at the institution at which the student is in attendance, and the sum of the expected contribution and one-third the amount paid to the student under chapters 34 and 35 of Title 38, United States Code. If, with respect to any student, it is determined that the amount of a Pell Grant plus the amount of the expected family contribution, and one-third the amount paid the student under chapters 34 and 35 of Title 38, United States Code, exceeds the cost of attendance for the 1982–83 academic year, the amount of the Pell Grant shall be reduced until the combination of expected family contribution, the amount of the Pell Grant, and one-third of the amount paid the student in veterans' education benefits, does not exceed the cost of attendance at such institution.

DEVELOPMENT OF FINANCIAL AID FORMS

The Family Contribution Schedule not only establishes the parameters for determining Pell Grant eligibility, it also contains information essential to structuring the common data elements of the application forms used in the Multiple Data Entry [MDE] system. The conferees recognize that, because of the lack of early resolution on the matter of the Family Contribution Schedule, student aid forms for 1983–84 will not reach the hands of students and their families until January or February of the coming year—months later than the delivery schedule of years past.

The conferees are concerned that the undue delay in the production and delivery of these forms and accompanying instructions and information will have an adverse effect on the ability of stu-

dents and their families to make reasonable and timely decisions about college attendance.

The conferees continue to support the Multiple Data Entry process, through which a student may receive consideration for Federal, state, and institutional financial aid by completing a single common form. The conferees support the inclusion, on the MDE aid application forms, of a notice to students which announces the availability of a free Federal application form. The conferences expect the Secretary to enter into contracts with the MDE services which provide for the inclusion, on the MDE aid application forms, of an option by which a student may apply for Federal aid only (except for State Student Incentive Grants) without paying a fee, and for the MDE services to be reimbursed for services for which the Secretary contracts.

Therefore, the conferees direct the Secretary of Education to take whatever steps are necessary to finalize the development of the single common application form and to deliver such form to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives no later than October 15, 1982 for Congressional review. The conferees are in agreement that, because of delays preceding this action that have transpired to date, Congress must exercise this review and approval procedure as quickly as possible.

If the Secretary submits a form with which the Congress finds objection, the objections will be stated and the Secretary will be required to deliver another form for review within 15 days of the receipt of the objections of the Congress.

GENERAL ACCOUNTING OFFICE (GAO) REPORT

The conferees request the General Accounting Office (GAO) to conduct an extensive review of the Student Loan Marketing Association's (SLMA) legislative authority and its program operations, as well as a more narrow, interim study. The interim study is to be completed within six months. The Conferees hope that these reports will advise them as to possible modifications to the existing loan consolidation authority of SLMA and the feasibility of extending such authority to state guarantee agencies.

With respect to the GAO interim report, the conferees are asking that it address the following specific issues:

(1) The need for legislative change in the current authority under which Sallie Mae consolidates loans, specifically addressing whether or not Sallie Mae has the capability, when consolidating loans, to average varying interest rates of such consolidated loans which may include NDSL loans carrying interest rates of three percent to five percent;

(2) The capability of state loan guarantee agencies to consolidate student loans, and the capability of state agencies to average varying interest rates of such loans, which may include NDSL loans carrying interest rates of three percent or five percent;

(3) The potential savings to the federal government realized by expansion of loan consolidation authority to state guarantee agencies, in view of the provisions of Section 438(b)(2)(D)(i) of the Higher Education Act which establish a special allowance differential;

(4) The difficulties for state guarantee agencies which have arisen or could arise because Sallie Mae's authority under Section 439(d)(1)(A) to set exclusively the terms and conditions under which the Association may purchase, repurchase, service, sell or resell, offer participation, or pooled interests or otherwise deal in student loans, any compelling reasons for such exclusive authority to be given to the Association, and whether or not such authority should be amended to give state agencies, institutions, organizations or lenders equal standing in setting terms, as is provided in Section 439(o)(1)(B);

(5) The effect of the amendment contained in the Omnibus Budget Reconciliation Act of 1981 which changed Sallie Mae's authority to make direct loans in areas where the Department of Education, in consultation with and agreement of the state agency, determined that loan demand was not being met by commercial lenders, to authority for Sallie Mae to insure Guaranteed Student Loans in states where the Department determines that loan demand is not being met by the established state agency. Specifically, the Committee is concerned whether, under present law and current operating policy, Sallie Mae has the capacity to so limit state agency loan activities as to reduce the ability of a state agency to meet effectively loan demand in that state; and

(6) The need for a minimum aggregate loan size under the consolidation provisions, as they apply to Sallie Mae and state guarantee agencies, and if so, what limits are appropriate.

(7) The capacity of Sallie Mae and state loan guarantee agencies to consolidate student loans under the program restrictions offered by Senator Stafford in the alternative proposal presented during the Conference, and the savings to the federal government which would be realized by such restrictions.

Based on the information contained in this interim report from GAO, the full intention of the conferees is to make statutory changes in Sallie Mae's existing authority and to seriously consider the expansion of loan consolidation authority to state agencies, if appropriate and necessary to facilitate students' need under the loan program.

With respect to the more extensive GAO report on Sallie Mae, the conferees request that the report be completed and submitted to the Congress by December 31, 1983. That report shall focus on the evolution of Sallie Mae, from the original authority under which it was established, through the most recent amendments contained in the Omnibus Budget Reconciliation Act. The conferees are particularly interested in an analysis of whether Sallie Mae's original purpose, to provide additional capital for student loans from the private sector, has, through legislative changes or policy redirection, been significantly eroded or altered, and whether or not Sallie Mae lessened its commitment to act as a secondary market in favor of its ability to serve as a direct lender or guarantor.

LOAN DISCLOSURE

The Senate bill included language adopting modified provisions addressed to truth-in-lending for student loans. The House amend-

ment contained no such provisions. The conferees believe that truth-in-lending provisions are essential to protecting the rights of student borrowers in the National Direct Student Loan (NDSL) and Guaranteed Student Loan (GSL) programs. The conferees have adopted these amendments to the Higher Education Act of 1965 to assure that student borrowers are protected, and not necessarily because they support pending legislation to exempt student loans from the provisions of the Truth-in-Lending Act. The House conferees oppose any such exemption affecting student loans.

Finally, it has come to the attention of the conferees that at least one state secondary market is considering proposed regulations to terminate all loan purchase commitments to (1) participating lenders on loans made to students attending an institution where the aggregate GSL default rate exceeds 15 percent and (2) participating lenders whose GSL portfolio indicates a default rate exceeding ten percent. The conferees urge the states to proceed with extreme caution in this matter, and the conferees express their own interest in learning more about this situation.

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ROBERT T. STAFFORD,
JOHN P. EAST,
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